

Message Text

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14

ACTION EB-07

INFO OCT-01 EA-09 ISO-00 AID-05 CIAE-00 COME-00 FRB-01

INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 PA-02 PRS-01 H-02 L-03 /098 W

----- 103280

R 050246Z SEP 75

FM AMEMBASSY SINGAPORE

TO SECSTATE WASHDC 3451

INFO AMCONSUL HONG KONG

AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

UNCLAS SINGAPORE 3852

HONG KONG FOR TREASURY ATTACHE; MANILA FOR ADB

E.O. 11652: N/A

TAGS: EFIN, SN

SUBJ: SINGAPORE PRIME RATE DROPS TO NEW LOW

1. FNCB ON SEPT. 1 LOWERED ITS PRIME RATE TO 6 1/4 PERCENT, LOWEST SINGAPORE PRIME SINCE 1962. MOST OTHER SINGAPORE BANKS REMAIN AT 7 PERCENT, WITH EXCEPTION OF BANK OF AMERICA AT 6 1/2 PERCENT.

2. ON JULY 15, MONETARY AUTHORITY OF SINGAPORE (MAS) ALLOWED BANKS TO QUOTE OWN RATES. BANKS ALSO ALLOWED TO SET OWN HOURS OF BUSINESS. THESE MEASURES WERE TAKEN WITH THE INTENTION OF MAKING THE BANKING SECTOR MORE COMPETITIVE AND STIMULATING THE ECONOMY THROUGH CHEAPER CREDIT.

3. BANKS ALSO ALLOWED TO SET THEIR OWN INTEREST RATES ON DEPOSITS. HOWEVER, SINCE FNCB AND OTHER AMERICAN FULL SERVICE BANKS HERE DEPEND LARGELY ON INTERBANK MARKET AND NOT DEPOSITS

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FOR SOURCE OF LOCAL FUNDS, US BANKS HAVE SHOWN NO INTEREST IN

RAISING DEPOSIT INTEREST RATES, WHICH ARE LOWER THAN THOSE OF
LOCAL BANKS.

4. AS LOCAL BANKS CONTROL INTERBANK FUNDS, IT IS EXPECTED
THAT THEY WILL PUSH UP PRESENT INTERBANK RATE OF 4 PERCENT,
THUS FORCING US BANKS TO RAISE PRIME RATES AGAIN SOON TO MAINTAIN
SPREAD. HOLDRIDGE

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Message Attributes

Automatic Decaptioning: X
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Control Number: n/a
Copy: SINGLE
Draft Date: 05 SEP 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750306-0988
From: SINGAPORE
Handling Restrictions: n/a
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